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**LAFOURCHE PARISH HOSPITAL
SERVICE DISTRICT NO. 1
d/b/a
LADY OF THE SEA GENERAL HOSPITAL
GALLIANO, LOUISIANA**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1 | 9 | 02

Audits of Financial Statements

June 30, 2001
and
June 30, 2000

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To the Board of Commissioners
Lafourche Parish Hospital Service District No. 1
d/b/a Lady of the Sea General Hospital
Galliano, Louisiana

Independent Auditor's Report

We have audited the accompanying general purpose financial statements of **LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1, d/b/a LADY OF THE SEA GENERAL HOSPITAL**, a component unit of the Lafourche Parish Council, as of and for the years ended June 30, 2001 and 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of **LAFOURCHE PARISH SERVICE DISTRICT NO. 1, d/b/a LADY OF THE SEA GENERAL HOSPITAL's** management. Our responsibility is to express an opinion on these general purpose financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of **LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1, d/b/a LADY OF THE SEA GENERAL HOSPITAL** as of June 30, 2001 and 2000, and the results of its operations and its cash flows of its proprietary fund for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2001 on our consideration of **LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1, d/b/a LADY OF THE SEA GENERAL HOSPITAL's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

LaPorte, Sehart, Romig & Hand

A Professional Accounting Corporation

November 15, 2001

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LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
LADY OF THE SEA GENERAL HOSPITAL
BALANCE SHEETS

ASSETS

	June 30,	
	2001	2000
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 913,704	\$ 798,557
Assets Whose Use is Limited	95,000	500,000
Patient Accounts Receivable, Net of Estimated Uncollectibles of \$1,407,924 for 2001, and \$1,574,884 for 2000	4,149,689	3,885,653
Estimated Third Party Payor Settlements	-	226,152
Inventory Supplies - at Cost	726,622	636,146
Prepaid Expenses	147,859	111,664
Other Receivables	54,559	103,546
Total Current Assets	6,087,433	6,261,718
ASSETS WHOSE USE IS LIMITED		
By Agreements with Third-Party Payors for Funded Depreciation	1,507,872	2,448,694
Under Indenture Agreement	3,391,838	550,722
By Board for Indenture Reserves	13,630	182,198
By Escrow Agreement	-	19,270
Total Assets Whose Use is Limited	4,913,340	3,200,884
Less: Amounts Required to Meet Current Obligations	95,000	500,000
Noncurrent Assets Whose Use is Limited	4,818,340	2,700,884
PLANT AND EQUIPMENT, NET	6,563,156	6,219,849
OTHER ASSETS		
Construction in Progress	481,511	254,369
Other Receivables, Net of Estimated Uncollectibles of \$254,454 for 2001, and \$155,955 for 2000	92,656	216,959
Unamortized Bond Costs	33,812	3,691
Investment in Cath Lab	320,000	320,000
Other Assets	342,521	367,136
Total Other Assets	1,270,500	1,162,155
Total Assets	\$ 18,739,429	\$ 16,344,606

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND FUND BALANCE

	June 30,	
	2001	2000
CURRENT LIABILITIES		
Current Maturities of Bonds Payable	\$ 95,000	\$ 500,000
Accounts Payable - Trade	298,102	507,539
Accrued Expenses	541,127	484,356
Estimated Third Party Payor Settlements	292,658	-
Current Maturities of Note Payable	166,196	157,542
Current Obligations of Capital Leases	26,488	37,408
Accrued Interest on Long-Term Debt	37,491	14,445
Payroll Taxes Payable	5,624	6,060
Total Current Liabilities	<u>1,462,686</u>	<u>1,707,350</u>
LONG-TERM LIABILITIES, NET OF CURRENT MATURITIES		
Bonds Payable	3,455,000	280,000
Note Payable	327,236	483,428
Long-Term Obligations of Capital Leases	-	26,489
Deferred Revenue	44	46
Total Long-Term Liabilities	<u>3,782,280</u>	<u>789,963</u>
FUND BALANCE		
Fund Balance	13,624,188	13,990,189
Unrealized Loss on Noncurrent Marketable Securities	<u>(129,725)</u>	<u>(142,896)</u>
Total Fund Balance	<u>13,494,463</u>	<u>13,847,293</u>
 Total Liabilities and Fund Balance	 <u>\$ 18,739,429</u>	 <u>\$ 16,344,606</u>

LAFOURCHIE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
LADY OF THE SEA GENERAL HOSPITAL
STATEMENTS OF REVENUES AND EXPENSES

	For The Years Ended June 30,	
	2001	2000
NET PATIENT SERVICE REVENUE	\$ 17,539,327	\$ 17,070,618
OTHER OPERATING REVENUE	<u>792,587</u>	<u>746,397</u>
Total Revenues	<u>18,331,914</u>	<u>17,817,015</u>
OPERATING EXPENSES		
Salaries and Wages	6,053,902	5,243,524
Employee Benefits	1,169,602	679,398
Purchased Services	4,673,118	4,615,520
Supplies and Other	4,890,242	4,103,668
Depreciation and Amortization	848,567	794,283
Provision for Bad Debts	2,061,587	1,456,266
Interest	<u>51,554</u>	<u>110,732</u>
Total Expenses	<u>19,748,572</u>	<u>17,003,391</u>
Income (Loss) from Operations	<u>(1,416,658)</u>	<u>813,624</u>
NON-OPERATING GAINS		
Income on Investments Whose Use is Limited:		
By Agreements with Third-Party Payors for		
Funded Depreciation	141,140	144,061
Under Indenture Agreement and by Board for		
Indenture Reserves	28,319	35,532
Taxes:		
Bond - Restricted to Bond Retirement Fund	293,113	298,481
Maintenance - Net	<u>588,085</u>	<u>533,872</u>
Non-Operating Gains	<u>1,050,657</u>	<u>1,011,946</u>
REVENUES AND GAINS IN EXCESS OF EXPENSES AND LOSSES	<u>\$ (366,001)</u>	<u>\$ 1,825,570</u>

The accompanying notes are an integral part of these financial statements.

LAFOURCHIE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
LADY OF THE SEA GENERAL HOSPITAL
STATEMENTS OF CHANGES IN FUND BALANCE

	For The Years Ended	
	June 30,	
	2001	2000
BALANCE, Beginning of Year	\$ 13,990,189	\$12,164,619
Revenues and Gains in Excess of Expenses and Losses	<u>(366,001)</u>	<u>1,825,570</u>
BALANCE, End of Year	<u>\$ 13,624,188</u>	<u>\$13,990,189</u>

The accompanying notes are an integral part of these financial statements.

LAFOURCHIE PARISH HOSPITAL SERVICE DISTRICT NO. 1

d/b/a

**LADY OF THE SEA GENERAL HOSPITAL
STATEMENTS OF CASH FLOWS**

	For The Years Ended June 30,	
	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES AND GAINS AND LOSSES		
Revenues and Gains in Excess of Expenses and Losses	\$ (366,001)	\$ 1,825,570
Adjustments to Reconcile Revenues and Gains in Excess of Expenses and Losses to Net Cash Provided by Operating Activities and Gains and Losses:		
Depreciation and Amortization	848,567	794,283
Provision for Bad Debts	2,061,587	1,456,266
Increase in Accounts Receivable	(2,325,623)	(1,398,080)
Increase in Estimated Third-Party Payor Settlements	518,810	350,896
Decrease in Other Receivables	173,290	19,232
Increase in Inventories	(90,476)	(48,205)
Increase in Prepaid Expenses	(36,195)	(25,621)
Decrease in Accounts Payable	(148,101)	(9,852)
Increase (Decrease) in Accrued Expenses	56,771	(10,324)
Increase (Decrease) in Accrued Interest on Long-Term Debt	23,046	(8,134)
Decrease in Deferred Revenue	(2)	-
(Decrease) Increase in Payroll Taxes Payable	(436)	4,655
Net Cash Provided by Operating Activities and Gains and Losses	715,237	2,950,686
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Withdrawn from (Invested in) Other Assets	24,615	(288,387)
Cash Invested in Assets Whose Use is Limited	(1,699,285)	(635,431)
Cash Paid Towards Construction in Progress	(359,728)	
Purchases of Plant and Equipment	(1,120,624)	(503,861)
Net Cash Used in Investing Activities	(3,155,022)	(1,427,679)

The accompanying notes are an integral part of these financial statements.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1

d/b/a

**LADY OF THE SEA GENERAL HOSPITAL
STATEMENTS OF CASH FLOWS (Continued)**

	For The Years Ended June 30,	
	<u>2001</u>	<u>2000</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Bonds and Certificates of Indebtedness	(780,000)	(534,999)
Proceeds from Bond Issuance	3,550,000	-
Cash Paid Towards Bond Costs	(30,121)	-
Payments Made on Capital Leases	(37,409)	(58,536)
Payments on Note Payable	<u>(147,538)</u>	<u>(151,063)</u>
Net Cash Provided by (Used in) Financing Activities	<u>2,554,932</u>	<u>(744,598)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	115,147	778,409
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>798,557</u>	<u>20,148</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 913,704</u>	<u>\$ 798,557</u>
SUPPLEMENTAL DISCLOSURES:		
Cash Paid During the Year For Interest	<u>\$ 28,508</u>	<u>\$ 118,867</u>
SUPPLEMENTAL DISCLOSURES OF NON-CASH FINANCING AND INVESTING ACTIVITIES		
Unrealized Gain (Loss) on Investment Securities	<u>\$ 13,171</u>	<u>\$ (9,179)</u>
Construction in Progress Capitalized During the Year	<u>\$ 71,250</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
LADY OF THE SEA GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS

NOTE A

DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1, d/b/a LADY OF THE SEA GENERAL HOSPITAL (Hospital), is an acute care facility created pursuant to Louisiana revised statutes of 1950, Title 46, Chapter 10, and Ordinance No. 863 of Lafourche Parish Council adopted January 27, 1953. It is the Hospital's mission to provide its community with high quality care and education in a friendly, caring and professional manner.

The administration of the Hospital is governed by a Board of Commissioners consisting of five members appointed by the Lafourche Parish Council in accordance with the terms of office set forth in Louisiana Revised Statute 46:1053 and in Section 24:300 (C) of Sub-Chapter "G" of the Code of Ordinance of the Lafourche Parish Council.

As the governing authority of the parish, for reporting purposes, the Lafourche Parish Council is the financial reporting entity for Lafourche Parish. The financial reporting entity consists of (a) the primary government (Council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 14 established criteria for determining which component units should be considered part of the reporting entity for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Council to impose its will on that organization and/or
 - b. The potentials for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the Council does not appoint a voting majority but is fiscally dependent on the Council.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
LADY OF THE SEA GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS

NOTE A

DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REPORTING ENTITY (Continued)

Because the Council appoints all of the members of the Hospital's governing board and has the ability to impose its will on the Hospital, the Hospital was determined to be a component unit of the Lafourche Parish Council. The accompanying general purpose financial statements present information only on the funds maintained by the Hospital and do not present information on the police jury, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

ACCOUNTING STANDARDS

The financial statements of the Hospital have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Hospital has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989 that do not conflict or contradict GASB pronouncements.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less, excluding amounts whose use is limited by board designation, other arrangements under trust agreements, or with third-party payors.

ASSETS WHOSE USE IS LIMITED

Assets whose use is limited include assets set aside by the Board of Commissioners for future capital improvements and future indenture agreements, over which the Board retains control and may at its discretion subsequently use for other purposes; assets set aside in accordance with agreements with third-party payors; and assets held by trustees under indenture agreements and self-insurance trust agreements.

INVENTORY

Inventory is valued at the lower of cost or market using the first-in, first-out method.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1

d/b/a

**LADY OF THE SEA GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS**

NOTE A

**DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)**

COSTS OF BORROWING

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Interest earned on these same borrowed funds, before the funds are spent on the construction of the capital assets, is of also capitalized.

PROPRIETARY FUND ACCOUNTING

The Hospital utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis. Substantially all revenues and expenses are subject to accrual.

INVESTMENTS

Trading securities, if any, which include any security held for near-term sale, are carried at fair market value. Gains and losses on trading securities, both realized and unrealized, are included in nonoperating income.

Available-for-sale securities, which include any security for which the Hospital has no immediate plan to sell, but which may be sold in the future, are carried at fair value. Realized gains and losses, based on the specific identification method, are included in nonoperating income. Unrealized gains and losses are recorded in fund balance. Premiums and discounts are amortized and accreted, respectively, to interest income using the interest method over the period to maturity.

Held-to-maturity securities, which include any debt security for which the Hospital has the positive intent and ability to hold until maturity, are carried at historical cost adjusted for amortization of premiums and accretion of discounts. Premiums and discounts are amortized and accreted, respectively, to interest income using the interest method over the period to maturity.

Interest and dividends on investments in debt and equity securities are included in nonoperating income when earned.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
LADY OF THE SEA GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS

NOTE A

DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET PATIENT SERVICE REVENUE

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

NON-DIRECT RESPONSE ADVERTISING

The Hospital expenses advertising costs as incurred.

RISK MANAGEMENT

The Hospital is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Hospital is a member of two separate trust funds established by the Louisiana Hospital Association that encompasses self-insurance of (1) Hospital professional liability and comprehensive general liability and (2) Statutory workers' compensation. The Hospital continues to carry commercial insurance for all other risk of loss.

NOTE B

NET PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient nonacute services, certain outpatient services, and defined capital costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare Cost Reports have been audited by the Medicare Fiscal Intermediary through June 30, 1998.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
LADY OF THE SEA GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS

NOTE B

NET PATIENT SERVICE REVENUE (Continued)

Medicaid - Inpatient care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per day. Certain outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through June 30, 1997.

The Hospital has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

NOTE C

CONCENTRATIONS OF CREDIT RISK

The Hospital is located in Galliano, Louisiana. The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows as of June 30, 2001 and 2000:

	<u>2001</u>	<u>2000</u>
Medicare	26%	33%
Medicaid	6	10
Commercial	59	41
Private Pay Patients	<u>9</u>	<u>16</u>
	100%	100%

NOTE D

CHARITY CARE

The Hospital does not provide for charity care upon the admission of a patient. It is only after services have been provided, and a patient claims that he cannot make payment on his account that the Hospital may consider forgiveness of the debt under its charity policy. The Hospital wrote off \$222,016 and \$108,557 for the years ended June 30, 2001 and 2000, respectively, as charity expense, which is netted against its gross revenue.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
LADY OF THE SEA GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS

NOTE E

BANK DEPOSITS

Cash deposits with financial institutions, which include cash balances whose use is limited or restricted, amounted to \$3,405,468 as of June 30, 2001. These balances were entirely insured or entirely collateralized by securities held by the pledging bank's trust department in the Hospital's name.

NOTE F

ASSETS WHOSE USE IS LIMITED

Assets whose use is limited that are required for obligations classified as current liabilities are reported in current assets. The composition of assets, whose use is limited at June 30, 2001 and 2000, is set forth in the following table. Investments are stated at fair value.

	<u>June 30,</u>	
	<u>2001</u>	<u>2000</u>
By Agreements with Third-Party Payors for Funded Depreciation		
U.S. Treasury Obligations	\$ 1,092,591	\$ 1,446,584
Franklin Custodial Funds		
U.S. Government Series	<u>415,281</u>	<u>1,002,110</u>
	<u>1,507,872</u>	<u>2,448,694</u>
Under Indenture Agreements		
Cash and Cash Equivalents	3,391,838	303,907
U.S. Treasury Obligations	<u>-</u>	<u>246,815</u>
	<u>3,391,838</u>	<u>550,722</u>
By Board for Indenture Reserves		
Cash and Cash Equivalents	13,630	22,863
U.S. Treasury Obligations	<u>-</u>	<u>159,335</u>
	<u>13,630</u>	<u>182,198</u>
Under Escrow Finance Agreement		
Cash and Cash Equivalents	<u>-</u>	<u>19,270</u>
	<u>\$ 4,913,340</u>	<u>\$ 3,200,884</u>

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
LADY OF THE SEA GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS

NOTE F

ASSETS WHOSE USE IS LIMITED (Continued)

Investment income and gains for assets whose use is limited, cash equivalents, and other investments are comprised of the following for the years ending June 30, 2001 and 2000:

	June 30,	
	2001	2000
Interest Income	\$ 169,459	\$ 179,593

The following methods and assumptions were used by the Hospital in estimating the fair value of its financial instruments:

Cash and Cash Equivalents: The carrying amount reported in the balance sheets for cash and cash equivalents approximates its fair value.

Assets Whose Use is Limited: These assets consist primarily of cash, short-term investments, long-term investments, and interest receivable. The carrying amount reported in the balance sheets approximates fair value.

NOTE G

PLANT AND EQUIPMENT

Major classifications of plant and equipment are summarized below:

	June 30,	
	2001	2000
Building and Improvements	\$ 10,849,373	\$ 10,340,173
Equipment	9,464,804	8,884,328
Vehicles	114,405	120,757
	20,428,582	19,345,258
Less: Accumulated Depreciation	14,295,773	13,500,751
Total Buildings and Equipment	6,132,809	5,844,507
Land	430,347	375,342
Total Plant and Equipment, Net of Depreciation	\$ 6,563,156	\$ 6,219,849

Depreciation and amortization expense for the years ended June 30, 2001 and 2000 totaled \$848,567 and \$794,283, respectively.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1

d/b/a

**LADY OF THE SEA GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS**

NOTE G

PLANT AND EQUIPMENT (Continued)

Plant and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed on the straight-line method.

Maintenance, repairs and minor replacements and improvements are expensed as incurred. Major replacements and improvements are capitalized at cost.

NOTE H

BONDS PAYABLE

On April 1, 1976, bonds totaling \$4,480,000 were issued by the Hospital. Proceeds from the sale of these bonds were restricted for construction of the Hospital. The bonds were in denominations of \$5,000 each, maturing serially in the years 1978 through 2001, inclusive. Interest was payable on April 1 and October 1, each year. The average interest rate was 6.519%. The bonds and interest are paid from an annual Ad Valorem tax levied on property owners. During the year ended June 30, 2001, these bonds were repaid in full. The balance owed on the bonds at June 30, 2000 was \$355,000.

On February 3, 1981, revenue bonds totaling \$1,685,485 were issued in a private sale to the National Oceanic and Atmospheric Administration, Office of Coastal Zone Management, bearing interest at a rate of 6% per annum and maturing over a period of twenty-five years, with interest payable semi-annually on February 3 and August 3. During the year ended June 30, 2001, these bonds were repaid in full. The balance owed on the bonds at June 30, 2000 was \$365,000.

On April 1, 1992, bonds totaling \$1,000,000 were issued by the Hospital. Proceeds from the sale of these bonds were restricted to acquiring and constructing additions and improvements to Hospital facilities, including the dialysis unit, equipment and furnishings. The bonds were in denominations of \$5,000 each, maturing serially in the years 1993 to 2002, inclusive. Interest is payable on April 1 and October 1, each year. The interest rate is 7.0%. During the year ended June 30, 2001, these bonds were repaid in full. The balance owed on the bonds at June 30, 2000 was \$60,000.

On April 1, 2001, bonds totaling \$3,550,000 were issued by the Hospital. Proceeds from the sale of these bonds are restricted to acquiring and constructing additions and improvements to Hospital facilities, including the emergency room, equipment and furnishings. The bonds are in denominations of \$5,000 each, maturing serially in the years 2002 to 2021, inclusive. Interest is payable on March 1 and September 1 of each year. The average interest rate is 4.74%. The bonds and interest will be paid by an annual Ad Valorem tax levied on property owners. The balance owed on the bonds was \$3,550,000 at June 30, 2001.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
LADY OF THE SEA GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS

NOTE H

BONDS PAYABLE (Continued)

Scheduled principal repayments on long-term debt are as follows:

2002	\$ 95,000
2003	100,000
2004	105,000
2005	115,000
2006	120,000
Thereafter	<u>3,015,000</u>
	\$ 3,550,000

For the year ended June 30, 2001, interest cost on the 2001 bond capitalized into Construction in Progress totaled \$37,492, while interest earned totaled \$13,448, for a net capitalized interest cost of \$24,044.

NOTE I

NOTE PAYABLE

During the year ended June 30, 1999, the Hospital borrowed funds for the acquisition of medical equipment. The loan originated in the amount of \$825,963, and is repayable in 60 monthly installments totaling \$15,254, per month, including interest at 5.36%. The loan is secured by the equipment that was purchased with the proceeds of the loan. Scheduled maturities of this loan are as follows:

2002	\$ 166,196
2003	175,237
2004	<u>151,909</u>
	\$ 493,432

NOTE J

INCOME TAXES

The Hospital is a governmental unit, which has registered itself as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal income taxes on related income pursuant to Section 501(a) of the Code.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
LADY OF THE SEA GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS

NOTE K

COMMITMENTS

- **Capital Leases**

The Hospital is the lessee of various medical equipment under capital leases expiring in various years through June 30, 2002. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the lower of their related lease terms or their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense for the years ended June 30, 2001 and 2000.

Minimum future lease payments under capital leases as of June 30, 2001 are as follows:

Year Ended June 30,

2002	\$ 26,488
------	-----------

- **Operating Leases**

The Hospital also leases medical equipment and medical office space under operating lease agreements. The total rent expense for the years ended June 30, 2001 and 2000 for equipment leased under operating leases was \$100,003 and \$62,790, respectively.

- **Construction Contracts**

The Hospital has construction contracts with architectural firms and construction contractors for various Hospital additions and improvements. The payment of these construction contracts will be made with the proceeds of the bond issuance noted in Note H of these financial statements.

- **Purchase Agreements**

During the fiscal year ended June 30, 1995, the Hospital entered into a long-term purchase contract with 3M Medical Imaging Systems for the purchase of the Hospital's X-ray film. The term of the contract is five years, with an annual film purchase commitment of \$133,890.

As an incentive for the Hospital to enter into the purchasing contract, 3M provided the Hospital with X-ray printing equipment. This equipment had a list price of \$110,026.

The cost of this equipment is deemed to be implicitly included in the annual film purchase commitment. Based on this, the acquisition of the equipment is deemed to be through a capital lease. A portion of the cost incurred in acquiring X-ray film from 3M is applicable to reduction of the lease obligation. Minimum lease payments associated with the equipment are included in the schedule of minimum future lease payments, as presented above.

As of June 30, 2000, the Hospital fulfilled its commitment on this contract.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
LADY OF THE SEA GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS

NOTE K

COMMITMENTS (Continued)

- **Employment Agreements**

The Hospital has employment contracts with three physicians that expire at various terms through July 2003; however, the Hospital is contractually obligated to pay only one physician due to termination clauses with the other two physicians. This one commitment is as follows:

2002	\$ 180,000
2003	180,000
2004	<u>6,923</u>
	\$ 366,923

- **Management Services Agreement**

The Hospital has a management services agreement with an independent contractor to manage its day-to-day business operations. The management services agreement expires December 31, 2004; however, the Hospital may cancel the agreement without cause effective December 31, 2002 provided the manager is given a 90 day written notification. The Hospital is contractually obligated to pay for these management services as follows:

2002	\$ 186,185
2003	<u>93,093</u>
	\$ 279,278

- **Billing and Collection Services Agreement**

The Hospital has a billing collection services agreement with an independent contractor to supervise and manage the day-to-day billing and collection and information management services of the Hospital's medical practices. The agreement expires in March of 2002. The Hospital is contractually obligated to pay for these services and the minimum future payments at June 30, 2001 were \$11,250.

LAFOURCHIE PARISH HOSPITAL SERVICE DISTRICT NO. 1

d/b/a

**LADY OF THE SEA GENERAL HOSPITAL
NOTES TO FINANCIAL STATEMENTS**

NOTE L

DEFERRED COMPENSATION PLAN AND PENSION PLAN

The Hospital has a plan where qualifying employees may defer certain amounts of their salary. The Hospital incurs no cost under this plan.

Effective November 1, 1995, all full-time employees who had one year of continuous service were eligible to participate in the Hospital's retirement plan. Prior to November 1, 1995, *full-time employees were required to have three years of continuous service in order to be eligible for the plan.* The plan is a defined contribution, money purchase plan. The plan is voluntary and there is no requirement for employees to contribute to the plan. Eligible employees may contribute up to 16% of their annual salary during their first year in the plan and 20% thereafter. Part-time employees can participate in the plan, but are limited to only employee contributions. Employees are 100% vested at the time of their enrollment.

The Hospital funds the plan based on a percentage of eligible employees' annual salary. This percentage is determined by the Board, and is currently 3.25%. There is no prior funding required. The Hospital's contribution to the plan amounted to \$111,776 for June 30, 2001 and \$109,456 for June 30, 2000.

NOTE M

INVESTMENT IN CATH LAB

During the year ended June 30, 1999, the Hospital fulfilled its obligation in meeting its capital contribution requirement to a limited liability corporation (LLC), operating under the name of Bayou Labs of Louisiana, LLC. The members of the LLC include the Hospital, St. Anne General Hospital and Alton Ochsner Foundation. The Hospital holds a 1/3rd interest in the LLC, which is a calendar year entity, whose books and records are subject to audit. During the year ended June 30, 2001, the LLC distributed \$180,000 of income to the Hospital. While accounting standards promulgate the use of the equity method, audited financial statements that coincide with the Hospital's year end were not available; however, from other financial information, the \$180,000 approximates, within a material amount, the Hospital's equity is the LLC's earnings as of June 30, 2001.

NOTE N

COMPARITIVE FINANCIAL STATEMENTS

The classifications of certain items on the Statement of Revenues and Expenses for the year ended June 30, 2000 have been changed to conform and be consistent with the presentation of the June 30, 2001 Statement of Revenues and Expenses.



To the Board of Commissioners
Lafourche Parish Hospital Service District No. 1
d/b/a Lady of The Sea General Hospital
Galliano, Louisiana

Independent Auditor's Report
on Supplementary Information

Our report on our audits of the general purpose financial statements of **LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1, d/b/a LADY OF THE SEA GENERAL HOSPITAL** for the years ended June 30, 2001 and 2000, appears on page 1. Those audits were made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information that follows on pages 20-35 is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information, except for that portion marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and, in our opinion, the information is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

A Professional Accounting Corporation

November 15, 2001

A Professional Accounting Corporation
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Affiliation with CPAmerica International

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
LADY OF THE SEA GENERAL HOSPITAL
SCHEDULE OF NET PATIENT SERVICE REVENUES

	For The Years Ended	
	June 30,	
	2001	2000
PATIENT SERVICE REVENUES		
Laboratory	\$ 5,851,232	\$ 4,491,071
Pharmacy	2,926,826	2,269,049
Behavioral Medicine Unit	2,642,216	2,302,958
Cardiopulmonary	2,050,265	1,790,974
Cat Scan	2,048,933	1,244,161
Clinics	2,039,409	971,447
Dialysis	1,937,664	1,584,238
Radiology	1,863,183	1,542,430
Emergency Room Professional Fees	1,833,526	1,393,480
Medical Surgery	1,683,344	1,411,093
Pharmacy IV	1,379,907	1,131,534
Emergency Room	1,073,130	763,187
Operating Room Supply	956,295	677,951
Operating Room	865,513	706,011
Cardiology	760,403	-
Anesthesia	695,548	430,542
Intensive Care	659,516	435,326
EKG	597,812	488,470
Ultrasound	558,656	1,024,706
MRI	522,390	477,661
Home Health	471,983	463,853
Nuclear Medicine	423,093	346,820
Central Supply	332,732	236,748
Emergency Room Supply	170,116	156,233
Psych Therapy	147,376	190,241
Home Health Physical Therapy	114,915	113,858
Anesthesia Supply	100,545	77,296
Blood Bank	96,659	93,810
Out Patient Rehab	65,915	-
Physical Therapy	60,927	43,937

See independent auditor's report on supplementary information.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
LADY OF THE SEA GENERAL HOSPITAL
SCHEDULE OF NET PATIENT SERVICE REVENUES

	For The Years Ended	
	June 30,	
	2001	2000
Recovery Room	60,486	49,796
Mammography	56,857	51,134
Home Health Central Supply	39,892	51,471
Observation Room	39,180	88,092
Home Health Occupational Therapy	19,840	10,416
EEG	14,983	9,268
Speech Therapy	4,310	876
Home Health Speech Therapy	4,216	2,604
Radiology Special Procedures	3,258	1,488
Outpatient Room	-	27
Social Service	-	163
Totals	35,173,051	27,124,420
Less: Contractual Adjustments	17,411,708	9,945,245
Less: Board Approval Charity Expense	222,016	108,557
Net Patient Service Revenue	<u>\$ 17,539,327</u>	<u>\$ 17,070,618</u>

See independent auditor's report on supplementary information.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
LADY OF THE SEA GENERAL HOSPITAL
SCHEDULE OF OTHER OPERATING REVENUE

	For The Years Ended	
	June 30,	
	2001	2000
OTHER OPERATING REVENUE		
Disproportionate Share Revenue	437,529	537,619
Investment in Subsidiary	180,000	-
Rental Income - Clinics	79,441	97,207
Employee Meals	45,668	39,845
Medical Records Revenue	15,756	12,163
Clinic Room Charge	12,978	12,966
Guests Meals	6,774	5,079
Miscellaneous	14,441	41,518
	<u>14,441</u>	<u>41,518</u>
Total Other Operating Revenue	<u>\$ 792,587</u>	<u>\$ 746,397</u>

See independent auditor's report on supplementary information.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
LADY OF THE SEA GENERAL HOSPITAL
SCHEDULE OF OPERATING EXPENSES - IN TOTAL BY DEPARTMENT

	For The Years Ended	
	June 30,	
	2001	2000
ACUTE AND ANCILLARY SERVICES		
Laboratory	\$ 1,069,305	\$ 966,929
Medical/Surgical	978,960	811,810
Emergency Room - Professional	922,274	880,913
Operating Room	810,868	692,406
Pharmacy	734,727	671,601
Radiology	582,748	642,287
Renal Dialysis	581,632	508,954
ICU	575,390	418,207
Emergency Room	491,654	442,810
Cardiopulmonary	462,899	439,814
Anesthesia	340,680	286,310
MRI	193,937	193,970
Cardiology	99,657	-
Nuclear Medicine	84,633	79,501
Blood Bank	81,628	61,009
Central Supply	70,450	79,829
CT Scans	65,139	38,272
Pharmacy IV	59,955	71,236
Out Patient Rehab	37,705	-
Physicial Therapy	36,599	26,681
Ultrasound	32,121	46,963
EKG	31,743	28,125
Flex Pool - Emergency Room	22,396	26,304
Mammography	13,020	25,099
Partial Hospitalization	9,209	604
EEG	4,321	5,173
Speech Therapy	1,375	750
Radiology Special Proccdures	80	-
	<u>8,395,105</u>	<u>7,445,557</u>
PSYCHIATRIC		
Behavioral Medicine Unit	1,212,157	1,328,071
Psych Therapy	120,000	120,000
	<u>1,332,157</u>	<u>1,448,071</u>

See independent auditor's report on supplementary information.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
LADY OF THE SEA GENERAL HOSPITAL
SCHEDULE OF OPERATING EXPENSES - IN TOTAL BY DEPARTMENT

	For The Years Ended June 30,	
	2001	2000
CLINICS		
Total Care Clinic	408,985	349,181
Dr. Rhoda Smith	249,906	-
Dr. Troy Hutchinson	247,323	-
Lady of the Sea Medical Clinic	232,204	346,320
LOSMC - Larose Clinic	152,805	-
LOSMC - Cut Off Clinic	115,189	-
South Lafourche Surgical Associates	108,619	15,826
Med Express Clinic	50,734	133,084
Medical Clinic	35,022	22,790
Golden Meadow Clinic	2,189	13,321
	<u>1,602,976</u>	<u>880,522</u>
HOME HEALTH		
Home Health	312,639	292,333
Home Health Physical Therapy	62,599	61,500
Home Health Nursing Services	50,918	71,362
Home Health Occupational Therapy	8,000	4,200
Home Health Speech Therapy	1,850	800
	<u>436,006</u>	<u>430,195</u>
GENERAL SERVICES		
Maintenance	736,017	600,200
Dietary	330,187	313,739
Medical Records	224,294	219,089
Housekeeping	214,690	223,006
Utilization Review	160,916	102,029
Education - Infection Control	106,644	103,285
Laundry	79,615	69,151
Purchasing	75,509	73,676
Hospital Safety	7,598	9,585
Medical Staff	5,703	3,281
Social Service	4,753	7,677
Volunteers	133	312
	<u>1,946,059</u>	<u>1,725,030</u>

See independent auditor's report on supplementary information.

LAFOURCHIE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
LADY OF THE SEA GENERAL HOSPITAL
SCHEDULE OF OPERATING EXPENSES - IN TOTAL BY DEPARTMENT

	For The Years Ended	
	June 30,	
	2001	2000
FISCAL SERVICES		
Business Office	297,050	257,912
General Accounting	151,801	136,068
Data Processing	137,459	125,662
Insurance Processing	75,976	64,185
Collections	47,792	57,959
	<u>710,078</u>	<u>641,786</u>
ADMINISTRATIVE SERVICES		
Administration	867,101	1,162,383
Other	699,059	130,652
Nursing Administration	366,493	360,759
Public Relations	200,662	206,160
Human Resource & Risk Management	90,438	85,360
Security	73,799	66,194
Patient Relations	40,318	41,596
Quality Management	26,613	17,845
	<u>2,364,483</u>	<u>2,070,949</u>
	<u>\$ 16,786,864</u>	<u>\$ 14,642,110</u>

See independent auditor's report on supplementary information.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
LADY OF THE SEA GENERAL HOSPITAL
SCHEDULE OF SALARIES BY DEPARTMENT

<u>Department</u>	<u>For The Years Ended</u> <u>June 30,</u>	
	<u>2001</u>	<u>2000</u>
Medical/Surgical	\$ 731,964	\$ 639,820
Radiology	393,340	406,614
Laboratory	380,989	395,317
Operating Room	358,563	330,494
Emergency Room	330,142	314,429
Nursing Administration	309,956	313,346
Cardiopulmonary	294,542	287,079
Anesthesia	228,685	204,879
Dr. Rhoda Smith	226,508	-
Home Health	221,850	221,477
Business Office	219,706	161,736
Dr. Troy Hutchinson	219,418	-
Total Care Clinic	211,088	71,932
Renal Dialysis	167,250	155,599
Maintenance	161,226	144,230
Dietary	155,239	152,033
Pharmacy	146,533	135,870
Housekeeping	139,861	140,097
Medical Records	138,178	146,096
Utilization Review	124,209	86,544
Administration	94,763	114,823
Lady of the Sea Medical Clinic	79,989	236,437
Education - Infection Control	79,344	77,141
General Accounting	78,877	79,396
Cardiology	64,233	-
Purchasing	59,420	59,041
Insurance Processing	56,674	55,883
South Lafourche Surgical Associates	51,846	13,762
Home Health Nursing Services	43,682	45,175
Human Resource & Risk Management	40,229	41,556
Collections	37,360	52,276

See independent auditor's report on supplementary information.

LAFORCHIE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
LADY OF THE SEA GENERAL HOSPITAL
SCHEDULE OF SALARIES BY DEPARTMENT

<u>Department</u>	<u>For The Years Ended</u> <u>June 30,</u>	
	<u>2001</u>	<u>2000</u>
Patient Relations	34,337	37,237
Data Processing	33,877	32,256
LOSMC - Larose Clinic	33,415	-
Laundry	32,297	30,135
Flex Pool - Emergency Room	20,072	24,131
Central Supply	18,150	20,485
Med Express Clinic	11,124	-
Ultrasound	11,090	8,538
ICU	8,894	7,389
LOSMC - Cut Off Clinic	4,982	-
EEG	-	271
	<u>\$ 6,053,902</u>	<u>\$ 5,243,524</u>

See independent auditor's report on supplementary information.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
LADY OF THE SEA GENERAL HOSPITAL
SCHEDULE OF EMPLOYEE BENEFITS BY DEPARTMENT

Department	For The Years Ended June 30,	
	2001	2000
Medical/Surgical	\$ 134,132	\$ 111,202
Other	78,502	(143,873)
Laboratory	73,672	74,026
Operating Room	71,539	27,483
Radiology	67,234	56,951
Cardiopulmonary	64,163	49,044
Emergency Room	54,615	47,745
Nursing Administration	47,673	42,927
Business Office	47,093	33,482
Renal Dialysis	44,533	37,525
Maintenance	40,207	29,834
Home Health	38,230	18,481
Anesthesia	37,276	20,410
Total Care Clinic	34,294	7,358
Medical Records	34,021	31,718
Dietary	29,427	29,194
Dr. Troy Hutchinson	27,905	-
Pharmacy	24,595	22,313
Utilization Review	23,555	5,590
Dr. Rhoda Smith	21,794	-
Housekeeping	20,261	34,445
General Accounting	18,514	14,374
Administration	17,190	14,135
Human Resource & Risk Management	16,341	12,720
Insurance Processing	11,928	7,041
Education - Infection Control	11,546	7,463
Purchasing	10,319	8,576
Collections	9,868	5,253
LOSMC - Larose Clinic	8,430	-
Laundry	7,421	5,342
Home Health Nursing Services	7,236	26,187

See independent auditor's report on supplementary information.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
LADY OF THE SEA GENERAL HOSPITAL
SCHEDULE OF EMPLOYEE BENEFITS BY DEPARTMENT

Department	For The Years Ended June 30,	
	2001	2000
Data Processing	6,395	5,196
Lady of the Sea Medical Clinic	6,351	27,870
Central Supply	5,432	4,496
Patient Relations	4,455	1,477
South Lafourche Surgical Associates	4,207	1,254
Cardiology	2,908	-
Flex Pool - Emergency Room	2,314	2,159
LOSMC - Cut Off Clinic	1,865	-
Med Express Clinic	1,774	-
ICU	387	-
	<u>\$ 1,169,602</u>	<u>\$ 679,398</u>

See independent auditor's report on supplementary information.

LAFOURCHIE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
LADY OF THE SEA GENERAL HOSPITAL
SCHEDULE OF PURCHASED SERVICES BY DEPARTMENT

Department	For The Years Ended June 30,	
	2001	2000
Behavioral Medicine Unit	\$ 1,179,900	\$ 1,293,900
Emergency Room - Professional	922,274	880,913
Administration	645,430	715,498
ICU	496,203	386,568
Laboratory	261,260	226,393
Psych Therapy	120,000	120,000
LOSMC - Cut Off Clinic	94,350	-
LOSMC - Larose Clinic	89,160	-
Total Care Clinic	88,667	226,150
Data Processing	81,433	72,230
Security	73,799	66,194
Lady of the Sea Medical Clinic	65,840	21,544
Home Health Physical Therapy	62,599	61,500
General Accounting	49,399	37,638
Medical/Surgical	41,462	4,220
Public Relations	39,600	38,314
Physical Therapy	36,482	26,286
Cardiopulmonary	35,220	35,980
Anesthesia	32,475	30,924
EKG	31,743	28,125
Maintenance	31,606	23,324
Emergency Room	30,798	26,517
Out Patient Rehab	27,675	-
Medical Clinic	21,465	1,861
Radiology	19,965	-
Ultrasound	15,600	17,675
Renal Dialysis	13,679	13,126
Operating Room	10,951	124,876
Medical Records	10,500	7,875
Home Health	8,860	9,568
Home Health Occupational Therapy	8,000	4,200

See independent auditor's report on supplementary information.

LAFOURCHIE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
LADY OF THE SEA GENERAL HOSPITAL
SCHEDULE OF PURCHASED SERVICES BY DEPARTMENT

Department	For The Years Ended June 30,	
	2001	2000
Utilization Review	7,200	7,200
Insurance Processing	6,602	232
Hospital Safety	3,594	3,306
South Lafourche Surgical Associates	2,979	-
Home Health Speech Therapy	1,850	800
Social Service	1,564	4,420
Speech Therapy	1,375	750
Golden Meadow Clinic	1,030	477
Education - Infection Control	529	2,095
Med Express Clinic	-	86,843
Pharmacy	-	7,998
	<u>\$ 4,673,118</u>	<u>\$ 4,615,520</u>

See independent auditor's report on supplementary information.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
LADY OF THE SEA GENERAL HOSPITAL
SCHEDULE OF SUPPLIES AND OTHER EXPENSES BY DEPARTMENT

Department	For The Years Ended June 30,	
	2001	2000
Other	\$ 620,557	\$ 274,525
Pharmacy	563,599	505,420
Maintenance	502,978	402,812
Operating Room	369,815	209,553
Renal Dialysis	356,170	302,704
Laboratory	353,384	271,193
MRI	193,937	193,970
Public Relations	161,062	167,846
Dietary	145,521	132,512
Administration	109,718	317,927
Radiology	102,209	178,722
Nuclear Medicine	84,633	79,501
Blood Bank	81,628	61,009
Lady of the Sea Medical Clinic	80,024	60,469
Emergency Room	76,099	54,119
Total Care Clinic	74,936	43,741
Medical/Surgical	71,402	56,568
ICU	69,906	24,250
Cardiopulmonary	68,974	67,711
CT Scans	65,139	38,272
Pharmacy IV	59,955	71,236
Housekeeping	54,568	48,464
South Lafourche Surgical Associates	49,587	810
Central Supply	46,868	54,848
Home Health	43,699	42,807
Anesthesia	42,244	30,097
Medical Records	41,595	33,400
Laundry	39,897	33,674
Med Express Clinic	37,836	46,241
Human Resource & Risk Management	33,868	31,084
Cardiology	32,516	-

See independent auditor's report on supplementary information.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
LADY OF THE SEA GENERAL HOSPITAL
SCHEDULE OF SUPPLIES AND OTHER EXPENSES BY DEPARTMENT

Department	For The Years Ended June 30,	
	2001	2000
Behavioral Medicine Unit	32,257	34,171
Business Office	30,251	62,694
Quality Management	26,613	17,845
LOSMC - Larose Clinic	21,800	-
Data Processing	15,754	15,980
Education - Infection Control	15,225	16,586
LOSMC - Cut Off Clinic	13,992	-
Medical Clinic	13,557	20,929
Mammography	13,020	25,099
Out Patient Rehab	10,030	-
Partial Hospitalization	9,209	604
Nursing Administration	8,864	4,486
Utilization Review	5,952	2,695
Purchasing	5,770	6,059
Medical Staff	5,703	3,281
Ultrasound	5,431	20,750
General Accounting	5,011	4,660
EEG	4,321	4,902
Hospital Safety	4,004	6,279
Social Service	3,189	3,257
Dr. Rhoda Smith	1,604	-
Patient Relations	1,526	2,882
Golden Meadow Clinic	1,159	12,844
Insurance Processing	772	1,029
Collections	564	430
Volunteers	133	312
Physicial Therapy	117	395
Radiology Special Procedures	80	-
Flex Pool - Emergency Room	10	14
	<u>\$ 4,890,242</u>	<u>\$ 4,103,668</u>

See independent auditor's report on supplementary information.

LAFOURCHIE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
LADY OF THE SEA GENERAL HOSPITAL
UNAUDITED CONDENSED SCHEDULE OF INSURANCE
For The Year Ended June 30, 2001

COVERAGE

PROPERTY, BOILER AND MACHINERY

All Buildings, Personal Property, Boiler and Machinery and Business Income		
All Buildings (90% Coinsurance) and Contents, Equipment, Etc.		
Blanket Coverage Ranges		
Low	\$ 4,063,200	11/1/2001
High	9,587,000	
Non-Blanket Coverage Ranges		
Low	10,000	11/1/2001
High	8,000,000	
Autos - Vehicles - Plus Collision	1,000,000	11/1/2001

<u>DIRECTORS' AND OFFICERS' LIABILITY</u>	1,000,000	9/8/01
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COMMERCIAL CRIME

Employee Dishonesty	100,000	11/1/2001
Forgery and Alteration	10,000	11/1/2001
Theft, Disappearance and Destruction	10,000	11/1/2001
Robbery and Safe Burglary	10,000	11/1/2001

FLOOD

Building	360,000	11/6/02
Contents	25,500	11/6/02

<u>WORKMEN'S COMPENSATION</u>	1,000,000	11/1/2001
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BOARD ACCIDENT

Accidental Death	10,000	6/13/02
Medical Expense	10,000	6/13/02

See independent auditor's report on supplementary information.

LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
LADY OF THE SEA GENERAL HOSPITAL
UNAUDITED CONDENSED SCHEDULE OF INSURANCE (Continued)
For The Year Ended June 30, 2000

COVERAGE

PROFESSIONAL LIABILITY

Coverage per Claim	100,000	11/1/01
Primary Excess	400,000	11/1/01

GENERAL LIABILITY

Coverage per Occurrence	5,000,000	11/1/01
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PATIENT COMPENSATION

Coverage per Claim	100,000	11/1/01
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BUSINESS TRAVEL

Accidental Death	225,000	6/12/02
Aggregate	765,000	6/12/02

See independent auditor's report on supplementary information.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Commissioners
Lafourche Parish Hospital Service District No. 1,
d/b/a **Lady of the Sea General Hospital**
Galliano, Louisiana

We have audited the general purpose financial statements of **LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1, d/b/a LADY OF THE SEA GENERAL HOSPITAL** as of and for the year ended June 30, 2001, and have issued our report thereon dated November 15, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether **LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1, d/b/a LADY OF THE SEA GENERAL HOSPITAL**'s general purpose financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1, d/b/a LADY OF THE SEA GENERAL HOSPITAL**'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted one certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect **LAFOURCHE PARISH HOSPITAL SERVICE DISTRICT NO. 1, d/b/a LADY OF THE SEA GENERAL HOSPITAL**'s ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable conditions are as follows:

Finding 01-01 Reconciliation of General Ledger Accounts: Due to a leave of absence, we found that certain accounts were not reconciled in a timely manner.

A Professional Accounting Corporation

110 Veterans Memorial Boulevard, Suite 200, Metairie, LA 70005-4958 (504) 835-5522 FAX (504) 835-5535

724 East Boston Street Covington, LA 70433 (985) 892-5850 FAX (985) 892-5956

E-Mail Address: laporte@laporte.com Internet Address: <http://www.laporte.com/>

Member of AICPA Division for CPA Firms-Private Companies Practice Section and SEC Practice Section
Affiliation with CPAmerica International

Recommendation: We recommend that in the event of maternity leave or extended illness, that consideration be given to either hiring a temporary employee or outsourcing certain accounting functions so that all reconciliations may be performed timely, thus avoiding a backlog within the accounting department.

Finding 01-02 Accuracy of Accounts Receivable Subsidiary Ledgers: With the implementation of a new software product within Home Health, we found inaccuracies in obtaining a consistent aging report.

Recommendation: We recommend continued efforts with the software vendor in working through the software, with the ultimate outcome being accurate receivable agings.

A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to material weaknesses. However, we believe none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the Board of Commissioners, management and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties.

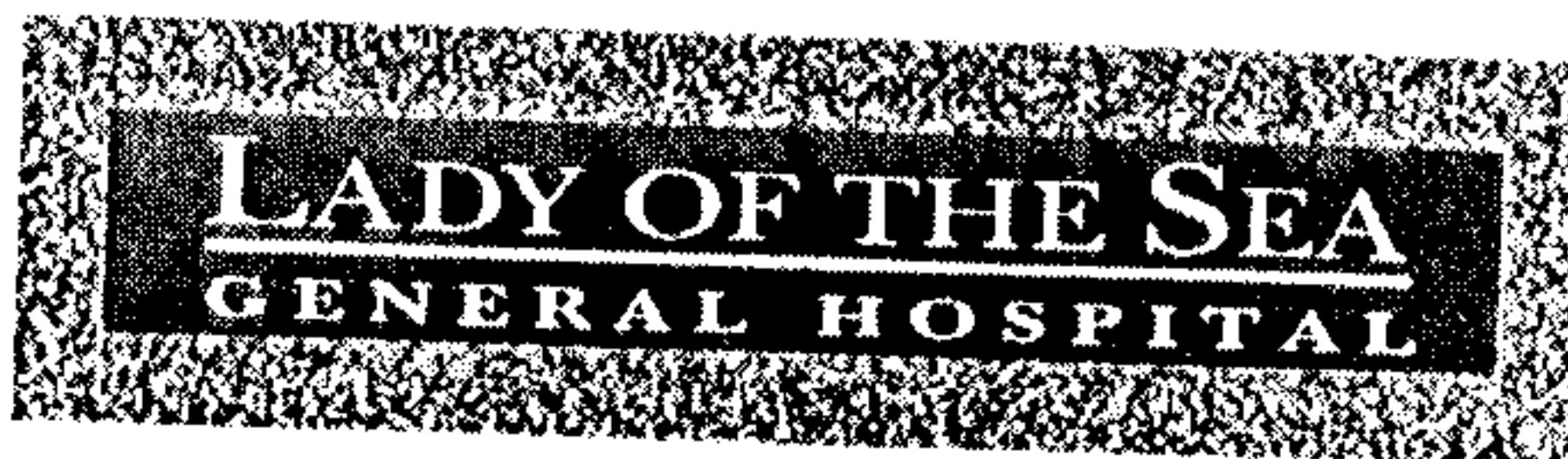


A Professional Accounting Corporation

November 15, 2001

COMMISSIONERS:

RONALD CALLAIS, Chairman
ROYCE DOUCET, Vice-Chairman
ANSON TOUPS, Secretary-Treasurer
MARY LEWIS, Member
KENT BOUVIER, Member



LANE M. CHERAMIE
Chief Executive Officer

December 27, 2001

Office of Legislative Auditor
State of Louisiana
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Sirs:


In response to the findings brought forth in the Independent Auditors Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, dated November 15, 2001, we provide the following:

FINDING 01-01 Reconciliation of General Ledger. We recognize the hardship that was place on our existing staff when a fellow staff member was out on maternity leave, and in the future will consider outsourcing a portion of the accounting function.

FINDING 01-02 Accuracy of Accounts Receivable Subsidiary Ledgers. We are having on-going conversations with this particular software vendor so as to validate the appropriate reports for reconciling to the general ledger. The outcome is critical to the operations of our Home Health department, so this will remain a high priority until the matter is resolved.

We trust that this will address the concerns brought forth.

Sincerely,


Lane M. Cheramie
Chief Executive Officer
LMC:pel

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